

Agricultural Situation

Tips from Bert Newell on

USING YOUR MARCH INTENTIONS REPORT

Every once in awhile a farmer will ask just what good a certain report is to him in his day-to-day operations. This is a good question but it's not always easy to answer. There are a great many different kinds of reports and one may be very useful to one farmer and of little practical interest to another. There is one thing for sure though, a report—any kind of a report—is worth while only when it is used.

In getting around the country and talking to farmers and farmers' groups, I have run into some rather interesting reactions. One man told me that a certain report wasn't needed, that he depended on agricultural articles that appeared in a certain publication. I knew those articles and the author, and, in my opinion, they were excellent.

The thing my critic overlooked was that the largest part of the basic information on which the articles were based came from the very report that he said was no good. Time and again we find that even though the author gives his references clearly, people using the information overlook the fact that most of the information comes from the U.S. Crop Reporting Board.

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Another difficulty I frequently run into is that a busy man often doesn't take time to really go over a report carefully and understand just what it means and how he can use it in his business. Maybe this is partly our fault.

So that's the main reason for writing this article. We thought it might be worth while to discuss the first big report of the crop season—the March "Prospective Plantings for 1959." For brevity we frequently refer to this report as just the "March Intentions."

To begin with, let's get clearly in mind just what this report on intentions really is. Just what does it mean? We explain this on the front of each report, but it may be worth repeating, or saying in a little different way.

This report summarizes what a large number of farmers, about 80,000 of them, are thinking in the way of plantings for the coming crop season. It

isn't what they have planted, although to be fair about it I guess in some parts of the country things have progressed so far by March 1 that it practically amounts to what has been done for some crops. By and large though, it is simply what is being planned and the report is issued early enough to allow changes in those plans if it seems desirable.

It may seem unnecessary or elementary to mention this but, strange as it may seem, every year we get a number of letters citing errors in the reported plantings of certain crops and using the acreage figures in the "Intentions Report" as the basis for the criticism. We don't make an estimate of the actual plantings until July.

Crops Covered

The March report covers 16 of the major spring-planted crops. These are: corn, durum wheat, other spring wheat, oats, barley, flaxseed, rice, all sorghums, potatoes broken down by seasonal groups, sweetpotatoes, tobacco by types, dry edible beans, dry field peas, soybeans, peanuts, sugar beets, and the acreage of hay for harvest. We summarize what farmers say they plan to do and then interpret those plans in relation to what has happened in the past.

In the report issued from Washington, the first summary table shows the results for the entire United States and the percentage change between this year and last year. This gives a quick total picture as an important starting point. Next come some tables of the longtime record of planted and harvested acres for most of the crops covered. I don't suppose many farmers make a great deal of direct use of these tables, but they are important for anyone who has the time or facilities for

making a careful analysis of the situation.

Analysts at your State college go into the subject quite deeply and the agricultural editors all make extensive use of this kind of information in providing analyses that many of you, like the man I mentioned previously, find most useful.

The tables which I believe most farmers will find of greatest immediate use and which are most likely to be shown in the reports issued by the State statisticians are those showing the crops by States. These State figures and the acres planted for different segments of the crop, like the changes shown for a given type of tobacco or a seasonal potato crop, will probably be the most useful information on which to base an individual farm decision.

After all is said and done, the decision that any individual makes has to be based on his own operation. I was discussing an "Intentions Report" with a group of farmers once and one man said that he didn't see how he was going to change his farming operation just because the report indicated there was going to be a big increase or decrease in some of the crops that he usually grew. I agree, there is a very definite limitation on how much shifting a person should do in any given situation.

Adjustments

A major change in the farm plan can often be quite costly and I certainly wouldn't recommend that anyone make such a change on the basis of an intentions-to-plant report alone. But there are certain adjustments in the year-to-year plan that can and should be made when the indications point

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clearly to difficulties ahead. Apparently a great many farmers do just that because we frequently find that the actual acres planted to any given crop will be quite different from what the intentions-to-plant report indicated they were thinking about early in the season.

Let's assume a specific situation, just to illustrate. Last year the March Intentions report on corn showed that for the country as a whole, farmers planned to increase plantings about 1.6 percent. State plans, however, varied from a decrease of 5 or 6 percent in some States to an increase as high as 10 or 12 percent in others. It is, of course, important to note what the plans indicate in your own State or area.

Example

Suppose you were in a State where an increase of, say, 10 percent was planned. If you intend to raise a few more hogs or feed out more cattle, you may still need to increase your corn acreage.

On the other hand, maybe your early idea was to produce enough to feed out the cattle and hogs with an allowance for a surplus to sell on the cash market. In view of the big general increase that is indicated, you may want to at least consider that margin. You might still want to stick with your first decision, but, on the other hand, you might look into the possibility of shifting a few acres that you had planned for corn into something else.

In the case of cash crops the consideration might be a little different than with a crop like corn where its principal use is in feeding.

The intentions-to-plant report issued in March 1958 indicated that growers in the States producing the late summer and fall crop of potatoes planned to increase acreage by 1.3 percent. The indications by States ranged all the way from a decrease of 11 percent to increases of as high as 10 percent or more. Apparently, growers as a whole figured the overall increase was too conservative because when the final reports were in, they planted 6 percent more acres and har-

vested 7 percent more acres in 1958 than they had harvested in 1957.

It was a good season, yields went up and production went through the roof. Of course, prices dropped. But it seemed to me that the March Intentions report clearly raised the danger signal and farmers would have been a lot better off if they stuck with their early plans or even reduced some.

The record on dry beans last year was somewhat like that of potatoes. Generally, farmers reported intentions to increase their planting about 5.5 percent and then upped the acres planted considerably more than that. But I know one farmer, who usually produces some beans, who changed his mind completely, even though his State showed no increase, and left the 8-acre field he had planned to use for beans in alfalfa. He said he netted \$400 off the alfalfa and figured he was better off for having done so.

The main point I'm trying to get across is that farming is big business. A lot of money and labor is involved in producing a crop. No one in his right mind is going to invest all that money and labor without thinking the whole problem through pretty thoroughly.

The March intentions-to-plant report by itself is not going to make or break anyone. It does, however, provide some important indicators that a wise person will not ignore.

Having the indications of what farmers generally plan to do, one would want to look at a number of other reports such as the acreage and production reports for previous years, farm prices, stocks reports, livestock reports, and similar information that can be obtained from your State statistician's office. Or perhaps your county agent or the economics department at the State college may be able to help you with analyses.

And now there is just one more thing. The backbone of this entire Crop and Livestock Reporting Service is the voluntary crop and livestock reporters who give their time and effort in answering the questionnaires.

S. R. Newell
Chairman, *Crop Reporting Board, AMS*

Outlook

Hogs

Rising hog markets are pushing livestock slaughter and meat production above 1958 levels, ending a 2-year decline. Hogs from the large 1958 fall crop—up 17 percent from a year earlier—are coming to market. Large slaughter supplies next fall are assured by farmers' plans to produce 13 percent more pigs than in the spring of 1958.

The prospective increase in this spring's pig crop is the largest since 1955, the year when farmers' prices plunged from an average of \$17.70 in June to a low of \$10.60 in December.

Outlook is for higher prices this fall than in the fall of 1955, for two reasons:

First, monthly distribution of spring farrowings will be much smoother. Data for nine States indicate that farrowing for December-February, first half of the spring season, may be 29 percent above those of 1955... March-May farrowing 13 percent less. More even distribution of farrowings points to more even distribution of marketings... reduces possibility of big bulge next November-January.

Second, while the spring crop in prospect is 2 percent larger than that of 1955, population is up considerably more. Thus, pork supply per person will be smaller than 4 years ago. Also, the supply of beef per person is down from 1955.

Impact of bigger supply on farmers' hog prices will be substantial. They will be considerably lower than in 1958 when they averaged highest in 4 years. But a decline as severe as in 1955 is unlikely. Prices probably will fall to a lower level in the early part of this year... changes after that probably will approximate usual seasonal pattern.

Cattle

Only a small gain in cattle slaughter is likely this year. Slaughter of fed

cattle, at heavy weights, will be large early in 1959. Slaughter of other classes probably will remain cyclically low through the year. A slow decline in fed cattle prices to a lower level than last year is likely this winter. But this summer they may rise above 1958.

Poultry and Eggs

Egg production is expected to stay above 1958 throughout the year. Prices are likely to be below 1958 through the spring. Feed prices are a little higher than a year ago.

Broiler supplies through April will run around 15 percent above a year ago, according to information on chick placements and egg settings.

Milk

Slightly higher milk production in 1959 than in 1958 is in prospect. Another drop in milk cows—though less than last year—is expected. But a further increase in output per cow probably will boost total production a little.

Feed

Prices have advanced from the seasonal low of last summer and fall and are generally above a year ago. Good demand, higher quality of corn and sorghum grain than last year, and large quantities going under support are factors in price rise. Grain prices are nearing support levels and any further price advances in the next few months probably will be less than seasonal.

Cotton

Total cotton exports for the 1958-59 season probably will not exceed 3½ million bales. Increased production and reduced consumption abroad, and weakness in prices in foreign countries help explain slow U.S. movement. Higher mill margins, low trade inventories, and firm consumer demand point to further increases in mill use.

NEW FARMERS' MARKET IN ATLANTA

If you've ever had to fight your way through congested market streets to sell your produce, you'll know how lucky farmers around Atlanta, Ga., are going to be. These farmers got themselves a brandnew \$10 million farmers' market last month.

Although built primarily for the farmers of Georgia, farmers all over the country are going to benefit from this modern market. Atlanta is a big market for the produce from the Nation's farms. Fruits and vegetables move into Atlanta from farms in just about every State (nearly 26,000 car-loads of fruits and vegetables were unloaded in Atlanta in 1957). This new market, with all of its modern features, will help hold down the costs of handling this produce and help reduce costly spoilage.

Location

The market, built by the State of Georgia with the technical help of USDA, covers 146 acres. It's located 10 miles south of the center of Atlanta on a superhighway, and is easily accessible for trucks. A railroad line runs right into the market area.

One of the main features of the market is 16 farmers' sheds. These ultra-modern sheds are so covered that produce can be unloaded and loaded without being exposed to the weather. There's plenty of room in and around the sheds for farmers and truckers to move their trucks. There are over 1,000 10-foot sales areas in the sheds where farmers can sell their produce. Farmers back up their trucks on one side of the sheds and buyers back up theirs on the other.

The market has 9 dealers' buildings containing over 200 wholesale stores. About a fourth of the space in the buildings is refrigerated. Six of the buildings have a double railroad track on one side and a truck dock on the other. The other buildings have truck docks on both sides.

The market has a hamper house, to supply baskets and other packaging

materials, and a cannery. It also has a gas station, two restaurants, and plenty of office space.

The market is owned by the State and will be operated by the Georgia Department of Agriculture. Construction was financed by bonds issued by a market authority—set up by the Georgia General Assembly.

Marketing researchers from USDA's Agricultural Marketing Service helped the Georgia Department of Agriculture and the architects plan and develop the new market.

Helping communities overcome their food marketing problems is nothing new for these engineers and economists. Down through the years a number of groups have called on them to study their markets. Many of our cities have old, congested markets. Handling food efficiently in these markets is just about impossible. Handling costs are high and so is spoilage.

Sometimes the problems can be met by making changes in the existing market. More often, a new market is the only solution. This was true in Atlanta where the old market outlived its usefulness.

The present facilities on the Atlanta market are designed to handle fruits, vegetables, and eggs, but there is adjacent space adequate for other food wholesaling. Other markets have been built to handle all food products. One such market—a wholesale food distribution center—is being built in Philadelphia, the first section of which will be finished this spring. It will save an estimated \$6 million a year in handling costs.

Other Markets

A large number of markets have been built with the help of the Department. Markets have been built in Hartford, Raleigh, Columbia, Miami, Indianapolis, St. Louis, Houston, and Kansas City to name a few. Others are in the planning stage.

FEWER CHICKS NEEDED TO LAY 1960'S EGGS

By the time you read this article, the Crop Reporting Board will have reported on farmers' 1959 intentions to buy chicks for laying flock replacement. Their intentions will be published in the February 10 Crop Production Report.

If the prices for the eggs to be laid in 1960 are to measure up to the 1958 average, the chickens raised in 1959 will have to be fewer than the 436 million raised in 1958.

A Second Look

The intentions survey is conducted in time to permit farmers to change their plans if the total of the intentions indicates wisdom in such a course. If the February intentions do add up to more chicks than in 1958, the course of adjustment will still be open.

Several reasons point to the advantages of a smaller brood of replacement chicks in 1959, from the national viewpoint:

1. The rising rate of lay per bird means that flocks don't have to be expanded to meet the requirements of an increasing population. Percentage-wise, the annual increase in rate of lay per bird is about the same as the increase in population. So a constant flock size will just about provide a steady per capita egg supply.

2. The size of the laying flock now, and for the next 8 or 9 months, reflects the increased size of the replacement hatch of 1958. Since pullets from that hatch have joined the laying flock in important numbers, egg prices have declined in relation to the year before. In the first half of 1958, the laying flock reflected the very small number of replacement chickens raised in the spring of 1957, and egg prices were about 20 percent above the year before.

3. Out-of-season hatching of replacement chicks—that is, the fall hatch—has become so large that its size and effects must be recognized. In 1957, hatcheries put out 63 million egg-

type chicks—12 percent of the year's output—from August through December. In 1958, for that period the hatch was 82 million, 14 percent of the year's output.

The difference between the hatchery figures for those 2 years is significant. The increase of 19 million chicks in the last 5 months of 1958—compared with 1957—means that correspondingly fewer chicks would have to be hatched in the first half of 1959, if pullet additions to the laying flock were to be simply the same in 1959 as in 1958.

Actually, it would help strengthen egg prices if fewer pullets were added to the laying flock in 1959 than in 1958. Egg production in 1958 reflected the relatively few chickens (397 million) raised in 1957. The average egg price received by farmers in 1958 was about 37½ cents a dozen, more than 2 cents above the year before.

Now, however, the laying flock is larger than a year ago, partially a result of the 10-percent increase in the number of replacement chickens raised in 1958. As a consequence, the outlook is for lower egg prices in the first half of 1959 than in the same months of 1958.

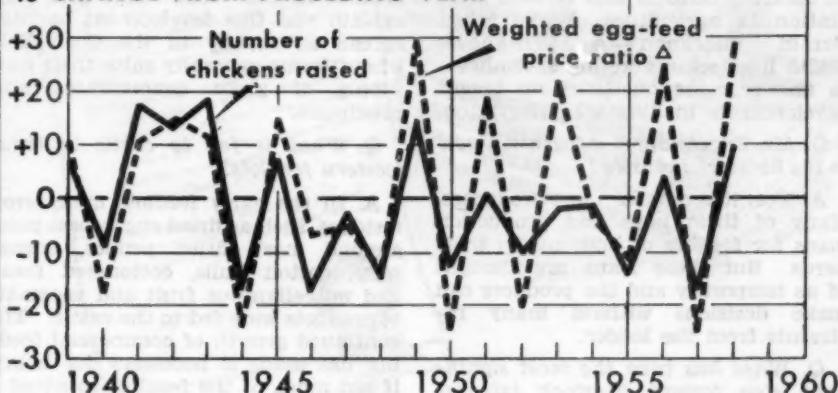
Supply

A 1960 supply of about 350 eggs per consumer—repeating the 1958 consumption and the 1959 expectation—can be achieved with about a 5-percent smaller hatch this spring than last. We won't have to raise as many replacement chickens as last spring because of the increased number of replacement chicks hatched in the last few months of 1958, the expectations for higher rate of lay, and the probably larger carryover of hens from the present larger laying flock.

A repeat of 1958 and 1959 per capita egg consumption would simply hold consumption steady—a low level compared with preceding years. The record was over 400 eggs per person in 1945, a very extraordinary year.

CHICKENS RAISED AND EGG-FEED PRICE RATIO

% CHANGE FROM PRECEDING YEAR



△ WEIGHTED AS FOLLOWS: PRECEDING NOV., 1; PRECEDING DEC., 2; JAN., 3; FEB., 4; MAR., 5; APR., 3; MAY, 1
1958 PRELIMINARY

U. S. DEPARTMENT OF AGRICULTURE

NEG. 6464-58 (9) AGRICULTURAL MARKETING SERVICE

Since 1940, year-to-year changes in the number of chickens raised for laying flock replacement have followed changes in the egg-feed price ratio. Notice in the chart that whenever the broken line (egg-feed price ratio) goes up or down, the solid line (chickens raised) usually moves in the same direction. For 1959, both lines are likely to move down slightly. The egg-feed price ratio tells how many pounds of feed can be bought with the value of a dozen eggs, on a U.S. average basis. The ratio is an approximate indicator of profit. Until 1950, the response of chickens raised to the egg-feed ratio was much more precise than in the years since. The shift toward a smaller and less exact relationship is partly explained by the greater commercialization of egg production and the growing average size of typical laying flocks.

While nutritionists and egg producers alike want eggs to enjoy a prominent place in the American diet, it is likely that abrupt increases in supply—which are translated into equally abrupt increases in consumption—would be at the expense of the farmers' price for eggs.

The usually accepted economic indicator of whether farmers will raise more or fewer chicks than in the preceding year is the egg-feed price ratio (see chart). In early January, the outlook was that 1959 springtime egg prices would be below 1958, continuing the trend of the preceding 3

months—so the average ratio would be lower than last spring, and the hatch would likely decline also. But, so far the hatch has not gone down.

In December, hatcheries produced 21 percent more egg-type chicks than the preceding December, and January 1 eggs in incubators were 5 percent more than last year.

If egg prices near the 1958 level is a goal for 1960, farmers will have to cut back their chick purchases in the spring of 1959.

Edward Karpoff
Agricultural Economics Division

RECENT DEVELOPMENTS IN LIVESTOCK VERTICAL INTEGRATION

This is the first of a series of articles on contract farming and vertical integration in agriculture. We've asked Gerald Engelman — a well-known USDA livestock marketing specialist—to answer some questions on recent developments in livestock integration.

Q. Mr. Engelman, is integration new in the livestock industry?

A. Yes; it is new for most producers. Many of them have had production loans for feeding or building up their herds. But these loans are thought of as temporary and the producer can make decisions without many restraints from the lender.

Q. What has been the most significant step toward livestock integration?

A. Since World War II, a number of large commercialized feedlots, sometimes called beef factories, have developed. These feedlots feed from 1,000 to 30,000 or more head of cattle a year. They are in continuous operation. In the larger feedlots some cattle are moved in and others are moved out every week of the year. About one-third of the fed cattle in the country come from feedlots in the 11 Western States. Probably more than 90 percent of these are from commercial feedlots feeding more than 100 head.

Q. What triggered this development?

A. It was provided by the rapid expansion of population and the growing preference for fed beef in the West, particularly within the Pacific Coast States.

Q. Why couldn't farmer-feeders in the West meet the demand?

A. They couldn't increase their production of beef of the desired quality. Surplus feeds raised on individual farms were too limited for production of adequate numbers of highly finished beef. Operators of large feedlots, however, were capable of mobilizing the feed resources of a large area. This perhaps has been the chief reason

for the development of commercial feedlots in the West. This also may explain why this development has not spread as rapidly in the Corn Belt where farms generally raise their own supply of grain concentrates and roughages.

Q. What is fed to cattle in these western feedlots?

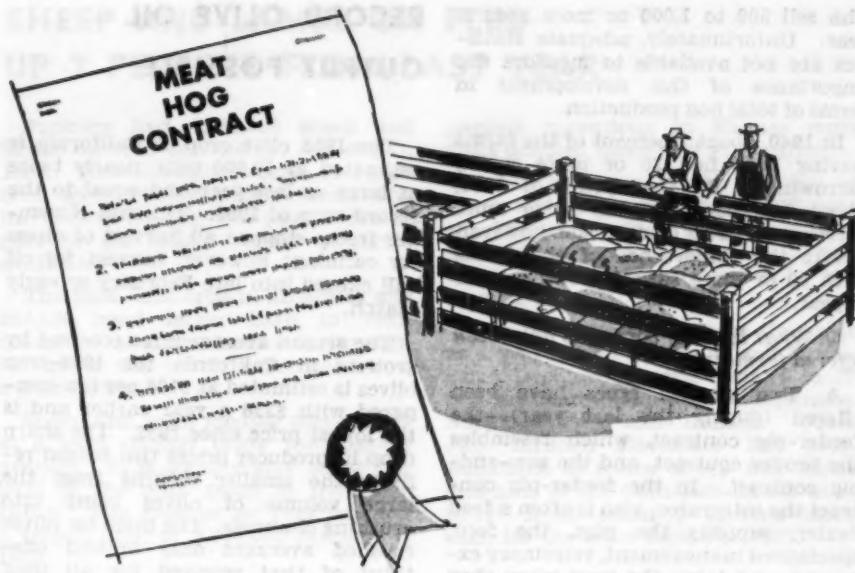
A. In the early feedlots many crop residues, such as dried sugar-beet pulp, almond meal, dried prunes, orange pulp, cotton hulls, cottonseed meal, and miscellaneous fruit and vegetable byproducts were fed to the cattle. The continued growth of commercial feeding has made it necessary for many, if not most, of the feedlots to adopt a complete formula ration containing grain concentrate, supplement, and roughage. The ration is generally mixed and ground on the premises of the commercial feedlot.

Nevertheless, it does appear that the grains fed, mainly barley and grain sorghums, are usually those available within the western region. Relatively small quantities of corn have been shipped from the Middle West to the west coast, though shipments to commercial feedlots in Colorado are larger.

Q. Is the large commercial feedlot development in the West typical of vertical integration or contract farming in other agricultural enterprises?

A. No; but it has made integrated or contract arrangements easier. The feedlot arrangements take the form of custom or contract feeding. Since vertical integration may be either forward by ranchers maintaining ownership through the feeding period or backward by packers and chain stores assuming production functions, arrangements vary considerably.

Some contracts are written, others are verbal. Rates paid feedlot operators often include a daily-per-head handling charge, the actual cost of ingredient feeds, and an allowance for costs of milling feeds.



Q. How many of the cattle fed in western commercial feedlots are fed under custom arrangements?

A. Probably less than half. Packers, however, have been feeding some cattle for several decades. Several chainstores entered the cattle-feeding business during World War II when meat supplies were scarce. Custom feeding arrangements appear to be well suited to both packers and chainstores. Nevertheless, packer and chainstore custom feeding still appears to be an extremely small part of the total supply of fed cattle slaughtered in the United States during any given year.

Some chainstores have already dropped out of the beef feeding business. Packers, like many farmers, appear to be "in and outers" depending on profit prospects in feeding. Narrow operating margins in dressed-beef slaughtering appear to prevent any extensive risk bearing by packers in feeding enterprises.

Q. Are beef factories located only in the West?

A. No; but commercial feedlots and custom feeding arrangements appear to be more characteristic of the West

than of the Corn Belt. Some large commercial feedlots are located in the Missouri River area. Some contract feeding of cattle is carried on in the Corn Belt. Most of these contracts, however, appear to be production credit arrangements for feeding commercial protein supplements manufactured by particular firms.

Q. What about integration in the swine industry?

A. Potential integration in the swine industry has stimulated the most attention given to integration during the last year. Some people have predicted that the swine industry will follow the pattern of the broiler industry in moving to the South and East. Some have estimated the South will be self-sufficient in pork production in a few years, and eventually might account for the major portion of the Nation's pork production.

Q. How many hogs are raised under some form of contract?

A. Accurate estimates are not available, but "informed guesses" range from 2 to 5 percent. A much more significant development since World War II has been the increasing number of large-scale specialized hog producers

who sell 500 to 1,000 or more hogs a year. Unfortunately, adequate statistics are not available to measure the importance of this development in terms of total hog production.

In 1940, about 2 percent of the farms having hogs had 20 or more spring farrowings. By the spring of 1954, about 7 percent reported 20 or more farrowings. This comparison, however, masks the importance of the farms with 50 or more sows farrowing twice a year.

Q. What types of contracts have been offered farmers?

A. Two general types have been offered (during the last year)—the feeder-pig contract, which resembles the broiler contract, and the sow-and-pig contract. In the feeder-pig contract the integrator, who is often a feed dealer, supplies the pigs, the feed, specialized management, veterinary expenses, and takes the hogs when they are ready for market. This type of contract has been offered in the South and in the Middle Atlantic States. The sow-and-pig contract provides for leasing bred sows to farmers.

These contracts vary greatly in the amount of management control exercised by the integrators. Sometimes special strains of meat-type hogs are supplied. Some contracts require growers to adopt the multiple farrowing system and to use the feed company's supplements, housing, and equipment as specified, though the farmer makes his own arrangements for production credit.

One feed company has a sow-and-pig contract that provides for a 50-cent-per-100-pounds bonus for No. 1 hogs. The Nos. 2 and 3 hogs are sold at the local market price.

Vertical Integration Publication

A USDA publication on "Contract Farming and Vertical Integration in Agriculture" is available. If you're interested in a free copy, check the item on recent publications on page 13.

RECORD OLIVE OIL OUTPUT POSSIBLE

The 1958 olive crop in California is estimated at 70,000 tons, nearly twice as large as last year and equal to the record crop of 1956. The mid-November freeze stopped all harvest of olives for canning; however, harvest for oil will extend into late February or early March.

The season average price received by growers in California for 1958-crop olives is estimated at \$106 per ton compared with \$236 a year earlier and is the lowest price since 1952. The sharp drop in producer prices this season reflects the smaller returns from the large volume of olives going into crushing channels. The price for olives crushed averages only around one-third of that received for all uses. California olives are grown primarily for canning as ripe olives which takes the better grades and brings higher prices. Crushings normally consist of olives in surplus or those considered unsuitable to pack for table use.

It is estimated that approximately half of the 1958 crop probably will be crushed, producing around 12 million pounds of olive oil, compared with only 1 million pounds last year. Since World War II, the proportion of the crop crushed has varied from 58 percent in 1948 to a record low of 8 percent in 1957.

Domestic disappearance of edible olive oil has been relatively stable in recent years, averaging 55 million pounds during 1954-58. Production from California olives normally comprises less than 5 percent of the total consumption. The United States meets its needs chiefly from imports.

Virtually all our imported edible olive oil comes from the Mediterranean area; Spain, Italy, and Tunisia are now our most important suppliers. Imports have been relatively stable since 1954 at around 50 million pounds annually.

George W. Kromer
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SHEEP AND LAMBS ON FEED UP 7 PERCENT FROM LAST YEAR

Farmers had 4,280,000 sheep and lambs on feed for market January 1, 1959. This was 270,000 head, or 7 percent, more than a year earlier. The increase in feeding this year is due in part to the larger supply of lambs available.

The 1958 lamb crop in all States was 854,000 head larger than in 1957. Slaughter of lambs from July through November was nearly 9 percent below a year earlier.

Sheep and lamb feeding this year is at a level slightly below the 1953-57 average. It is considerably below the level of the peak years in the early 1940's. The number on feed reached a record high of 6,954,000 January 1, 1943.

Weather conditions to January 1, 1959, over the whole country were generally favorable for lamb feeding. Feed supplies are abundant in all important lamb-feeding areas with few exceptions. Gains have been good and lambs are being marketed at heavier weights than usual.

Wheat prospects in the Central Plains areas were excellent early in the season. The number of sheep and lambs brought in this area was up substantially from a year earlier. The fall was dry, however, and pasture growth did not come up to earlier expectations.

Prices

The average price of choice feeder lambs at Denver reached a peak of \$23.75 per 100 pounds in late September and early October, but declined rather sharply during the latter part of December, averaging \$18.38 for the week ending December 27, 1958.

In the North Central States the 2,620,000 sheep and lambs on feed were 6 percent more than January 1, 1958, and the largest number for this area since January 1, 1953. Most of the increase in this area is the result of a 69-percent increase in Kansas. Wheat

pasture operations in Kansas more than doubled those of a year earlier.

Other increases in the number of sheep and lambs on feed were Wisconsin, 12 percent; Ohio, 10 percent; Missouri, 10 percent; Minnesota, 5 percent; South Dakota, 3 percent; and Iowa, 1 percent.

The number on feed was the same as a year earlier in Illinois and Michigan. Declines ranging from 4 to 25 percent were recorded in Nebraska, North Dakota, and Indiana. From July through November last year, shipments of feeder sheep and lambs into nine of the Corn Belt States were 30,017 head—about 2 percent more than for the same period of 1957.

Western States

Sheep and lambs on feed in the 11 Western States totaled 1,413,000 head—10 percent more than the 1,290,000 head on feed a year earlier.

In Colorado, the leading feeding State, the 527,000 head on feed January 1 this year was 5 percent more than a year earlier. All of the increase was in the northern area of the State, with an estimated 380,000 on feed as compared with 340,000 head in 1958. The Arkansas Valley in Colorado showed 15,000 fewer lambs on feed this year, with the estimated numbers at 125,000 for 1959 and 140,000 for 1958.

Lamb feeding in the North Platte Valley of Nebraska and Wyoming was 7 percent less than a year earlier, with the 1959 number estimated at 180,000. In California, 293,000 sheep and lambs on feed was 17 percent more than on January 1, 1958.

Elsewhere in the West, large increases were shown in Idaho, New Mexico, and Utah. The number on feed was the same as a year earlier in Montana, Wyoming, and Nevada, with decreases occurring in Arizona, Washington, and Oregon.

Emmett B. Hannawald
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MARKET NEWS GUIDES GROWERS

Have you ever asked your neighbors to list what they consider the most valuable help they receive in marketing their farm products?

Chances are that no two lists will be the same. But it's equally certain that every farmer will put high on that list the unbiased market news reports he receives from the U.S. Department of Agriculture.

Dependable market news keeps the farmer in hourly touch with the business of buying and selling the things he raises on his farm, even though that farm may be a thousand or more miles away from his market.

Farming today is big business. Farmers can no longer depend upon gossip at the local store, word-of-mouth reports and statements of itinerant buyers for their marketing information.

Offices

Market information is collected by USDA in cooperation with State departments of agriculture from 171 market news offices in producing and marketing areas. Trained USDA market reporters at these offices, using uniform standards and marketing terminology, gather current information on supplies, demand, quality, market trends, and prices. Market reporters talk to both buyers and sellers and then put together a complete and accurate picture.

More than 1,400 radio stations broadcast market reports one or more times daily. Farmers are informed of developments almost as fast as they occur. In addition, many television stations carry market news.

Market summaries are a regular feature in 1,200 daily newspapers, especially those in farming areas. Trade and farm publications print market information of interest to particular groups.

Teletype wires, 13,000 miles of them, link most of the offices. Each office



stresses its own market information, utilizing the material received from other points in making comparisons for producers and handlers having a choice of several markets.

The main use a farmer makes of market news is in deciding when and where to ship.

A farmer in Iowa may have several head of cattle and a bunch of hogs, about ready for market, some shelled corn and some soybeans under support loan. If there were no market news available, the farmer would have little basis for intelligent bargaining. He could hardly know when and where a good price was being offered. He'd have trouble deciding where to ship advantageously. Today, he usually can obtain trading information by radio. He may have the information early enough to ship the same day, if he wants to.

Decisions

Farmers also use current market news together with longer range crop and livestock estimates to decide what to produce. By studying market reports they can decide what grades or weights are most likely to be in demand and to bring the best prices.

Producers also need to know and understand the official U.S. grades and standards for their products because these grades are used throughout the Nation as the basis for describing market prices and trends. To be most useful, market news must be based upon certain classes, weight groups, and quality ranges.

The need for timely marketing information on farm products grew out of several basic changes affecting American agriculture. After the Civil War, the growth of urban industries

resulted in a shift of population to cities.

Farming shifted from the largely self-sufficing occupation that it was before the Civil War to production of products principally for sale. The rapid development of railroads opened up new agricultural markets and made possible regional specialization in farm production.

With markets farther away from producing areas, marketing of farm products became more complex. Growers found more than estimates of crop production were needed in making marketing decisions and negotiating prices.

Soon, dealers in farm products developed their own private sources of information. Private market reporting agencies were established.

These private agencies operated, however, in only a limited way, and reports were supplied to subscribers only.

The establishment of marketing work in USDA was provided by Congress in the Agricultural Appropriations Act of 1914. This was the beginning of a marketing era where sellers were to become better informed.

First Report

The Department's market news work actually began at Hammond, La., in March 1915, with the release of the first report on strawberries. Since then, a nationwide market news service has been developed to provide day-to-day reports on supply, demand, and price conditions at primary terminal markets. In more recent years, the service has been extended to cover commercially important producing and shipping areas.

From a small beginning, the service has expanded to cover the movement, market supplies, quality, and price-trend quotations on livestock, meats, wool, fruits, vegetables, dairy and poultry products, grain, hay, seeds, feedstuffs, cotton and cottonseed, tobacco, rice, honey, peanuts, molasses and naval stores—more than 100 commodities in all.

S. T. Warrington
Agricultural Marketing Service

USDA STEPS UP HUMANE SLAUGHTER RESEARCH

The Humane Slaughter Advisory Committee, appointed by Secretary of Agriculture Ezra Taft Benson, is busy helping USDA meet its March 1 deadline. By that date, the Department must make its first designations of methods of slaughter that will be considered humane under the humane slaughter law.

The law, passed by the 85th Congress, contains another deadline: July 1, 1960. By that time, packers who propose to sell their products to any Government agency must conform with the slaughtering methods designated by the Secretary as being humane.

The 12-man advisory committee, representing various public and private groups concerned with humane livestock slaughter, is working with USDA in developing new and improved methods of humane slaughter.

Recent USDA Publications

The Federal and State Agricultural Outlook Service. PA-385. 14 pages.

This popularly written publication briefly covers the agricultural outlook service in Washington and the States, its history, and how it relates to other USDA statistical programs. It also covers the outlook publications that are available, and how you may obtain them.

Contract Farming and Vertical Integration in Agriculture. AIB-198. 21 pages.

This popular publication covers the meaning and the extent of integration in agriculture. It is very well illustrated.

You may obtain a free copy of these publications by writing to the Office of Information, U.S. Department of Agriculture, Washington 25, D.C.

CRANBERRY PRODUCTION IS INCREASING

For most of us, cranberries are a traditional part of the holiday menu at Thanksgiving and Christmas time. However, many families are enjoying them throughout the year because more cranberries are being processed.

Once known as "craneberries" and at times referred to as "crowberries," cranberries are grown in bogs. These bogs are flooded periodically to prevent frost and freeze damage, provide moisture, control weeds and insects, and help harvest.

History

Even though the cranberry is native to this country, it did not take on commercial importance until the 1800's. In the Cape Cod area cranberries were in cultivation to some extent about 1820, but the crop wasn't really commercially important in Massachusetts until about 1850. Earliest successful culture of cranberries in New Jersey began in 1825, while Wisconsin began commercial harvesting to some extent in the 1850's. Cultivation of the crop on the Pacific coast started about 1885.

There are only 5 States—Massachusetts, Wisconsin, New Jersey, Washington, and Oregon—which are important in the production of cranberries, but production has shown a steady upward trend over the years. In 5 of the last 6 years these States have produced more than 1 million barrels of cranberries, nearly twice as many as 30 years ago. The increase in production has more than kept pace with the growth in population.

Massachusetts has always been the largest producer of cranberries and during the past 5 years has averaged about 53 percent of the national crop. In 1958 that State had 610,000 barrels of cranberries harvested from 12,900 acres. Total production for the United States was 1,127,000 barrels from 20,920 acres. Cranberry acreage in Massachusetts reached a peak of 15,000 acres in 1948 and 1949 and has declined since then, but increased yields per acre have prevented a downward trend in production.

Through 1937 New Jersey ranked second in production, but since then Wisconsin has been the second largest producer of cranberries. It was the high yields in Wisconsin which enabled it to take over second place 20 years ago, for it was not until 1955 that Wisconsin ranked second in acreage.

In 1958 Wisconsin produced 340,000 barrels of cranberries from 4,100 acres. New Jersey acreage reached a peak about 1920 and then showed only a slight decline through 1934, but since then there has been a steady decline. In 1958, the New Jersey crop totaled 88,000 barrels from 2,500 acres. On the Pacific coast both Washington and Oregon have shown a continuing growth in acreage and production. The 1958 crop came to 57,000 barrels from 900 acres in Washington, and 32,000 barrels from 520 acres in Oregon.

The utilization picture for cranberries has shifted over the years. Originally all cranberries moved to the fresh market, but at the present time processing takes more than half of the crop.

Processing

First estimates of processing cover the 1919 crop in Massachusetts when less than 1 percent of the berries went to processors. By 1934, when processing estimates were made for all five cranberry States, 7 percent of the national crop went to processors and 93 percent went for fresh use. Year by year processors have been able to use an increasing proportion of the cranberries.

In 1957 processors used 60 percent of the crop for canned sauce (whole or jellied), frozen cranberries, relish, juice, frozen juice concentrate, and other cranberry products. Only 40 percent of the crop went to fresh market. Just how the 1958 crop is being used will not be known until the utilization report is prepared and published on July 2, 1959.

Earl L. Park
Agricultural Estimates Division, AMS

"Bert" Newell's Letter

It's high time I brought you folks up to date on another important service we provide that is a little different from the crop and livestock estimating work I so often talk about. I have reference specifically to the Cold Storage Reports which we issue each month.

It wasn't long after the Department began to issue estimates of crop and livestock production and farm prices that farmers and others began to realize that to appraise the total supply situation properly, it was necessary to have information on the stocks of commodities as well.

The Secretary of Agriculture believed this was a good idea, too, and in his annual report of 1913, recommended a reporting service patterned after the crop and livestock reports.

This recommendation was carried out December 1, 1914, when the first Cold Storage Report was issued on the holdings of apples. From that date until June 1916, regular monthly reports followed.

During 1916 cold storage reporting really got under way. Beginning with August of that year, reports started on stocks of butter and shell eggs, and in the months that followed such items as American cheese, beef, pork, and lard were added.

Further enlargements and refinements in the report were made from time to time, and today information on a whole host of food items is available to the public.

Just to give you an example of the scope of the present report, let me list some of the items covered. In addition to those mentioned earlier, our statisticians in the cold storage reports section keep tabs on 11 varieties of frozen fruits; 12 varieties of frozen vegetables; 6 classes of frozen poultry; and frozen orange juice.

To this list, we must add pears, grapes, onions, celery, peanuts, dried

and evaporated fruits, cream, canned milk, and swiss cheese.

With the expansion in the marketing of frozen foods, a need for more detailed stocks data arose. As a result, we are constantly asked to include even more and more food items. So, the list will continue to grow.

Some farmers may wonder how this kind of information is of benefit to them. Well, actually, I believe with a few minutes thought on the subject the answer is self-evident. There are plenty of times when the stocks on hand are actually more important pricemaking factors than the prospective production and everyone is certainly interested in the price of things.

You can see, then, how important the refrigerated warehousing industry is in the pricemaking function and let us not forget, too, the service it renders by spreading out the marketing periods for perishable foods. That is why accurate and comprehensive cold storage reports are very important to everyone—from the producer all the way to the consumer.

And now I want to hand a bouquet to the members of the refrigerated warehousing industry for their cooperation in providing this much-needed stocks data each month. I know it costs them real money and it takes a great deal of their time to keep inventory records in a prescribed manner to accommodate our detailed monthly report form.

Probably not one person out of a dozen who fills out his report for us is interested in all of the detail, nor is all of it needed by him to run his business. Because the industry members care enough to help in the reporting program, all of us owe them a great deal of thanks for their wholehearted cooperation in providing this important service.



S. R. Newell
Chairman, Crop Reporting Board, AMS

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UNITED STATES
DEPARTMENT OF AGRICULTURE

AGRICULTURAL MARKETING SERVICE

WASHINGTON 25, D.C.

OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE, \$500
(GPO)

Farmer's Share of Consumer's Food Dollar

November 1957.....	40 percent
October 1958.....	39 percent
November 1958.....	39 percent

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